

MARKET REPORT: FAMILY RESTAURANTS PAGE 133

Restaurant Business®

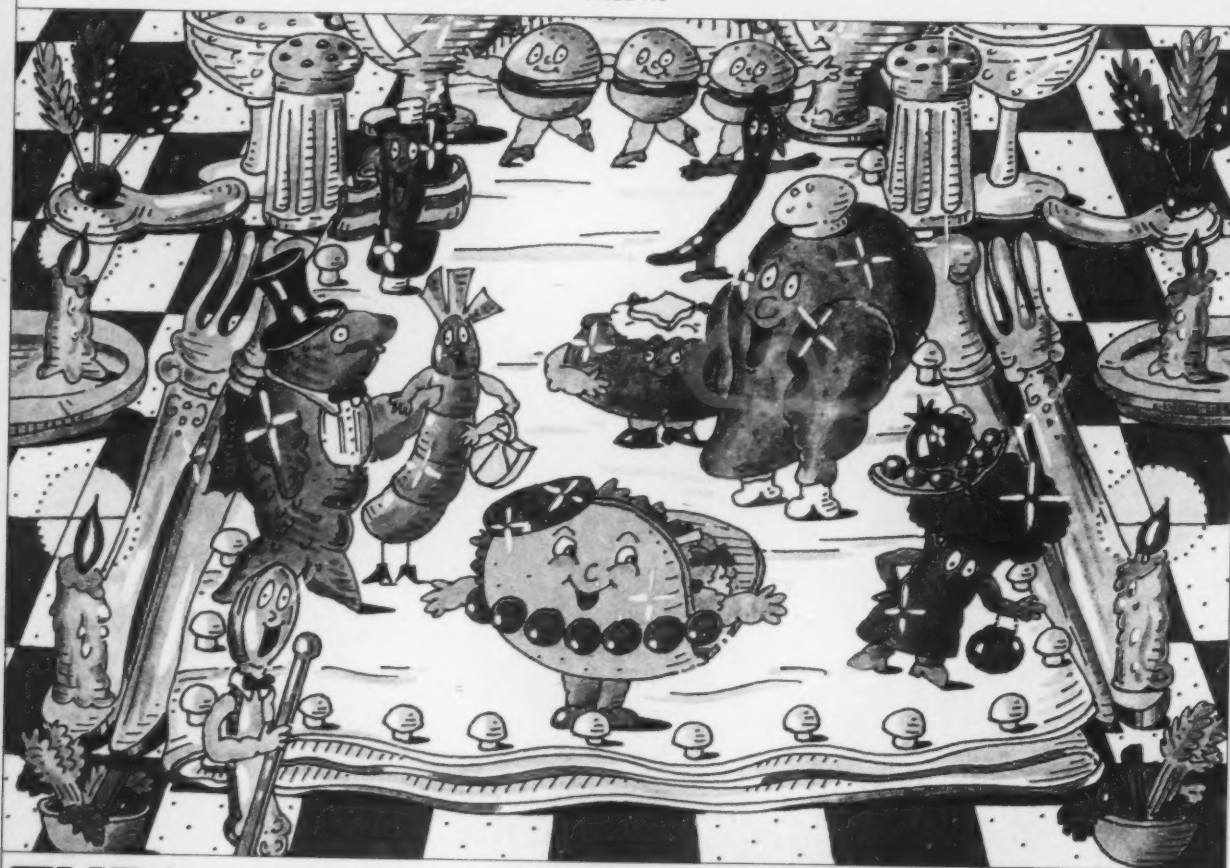
A BILL PUBLICATION

JANUARY 20, 1988

FASHIONABLE FOODS IN 1988

FAST FOOD • MIDPRICE • UPSCALE

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'CHAMPPS'** PAGE 108

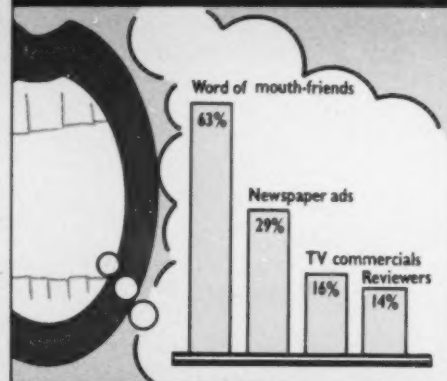
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BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

By Howard Riell

HOW DINERS CHOOSE A RESTAURANT

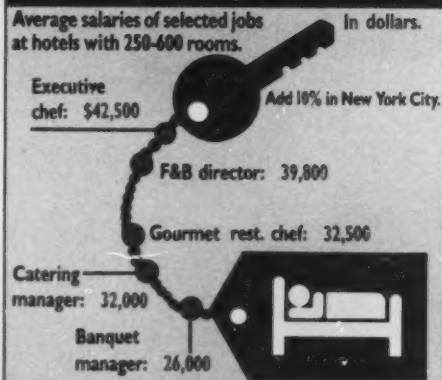


SOURCE: The Roper Organization

Hear About It, Read About It, Eat There

What is the determining factor when people choose a restaurant? According to Roper's "Public Pulse," it's word of mouth by far—especially when it comes from a family member. Personal recommendations appear to make things like newspaper ads and superstar reviewers almost incidental. The statistics at left would also seem to firmly support the oft-stated but too seldom adhered-to contention that it's things like service and quality that bring new customers in and old ones back. At least a few restaurateurs, however, would contest the insignificance attributed to reviews; they maintain that poor reviews by critics have cost them business.

PAY SCALE AT LUXURY HOTELS

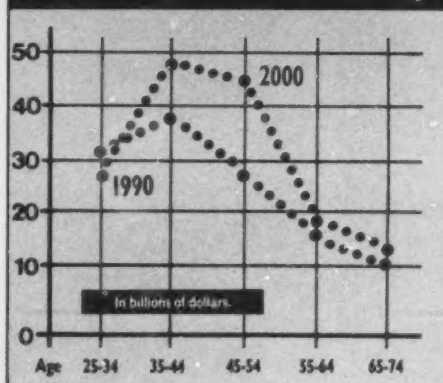


SOURCE: The Renard Report

Just How Profitable Is Being Hospitable?

Although there are "no more than a handful of cities currently showing a reasonable occupancy," reports Renard International's Hospitality Consultants' "Renard Report," hotel chefs' salaries continue to rise, due at least in part to simple supply and demand. Projects on new properties undertaken as many as 2 years ago are still opening. Also, the role of celebrity chef has gotten so much ink in recent years (do the names Puck and Prudhomme ring a bell?) that it has made a career in cuisine downright glamorous. Also tallied: maitre d', average salary, \$21,250; executive sous chef, \$30,000; pastry chef, \$30,000; sales and marketing director, \$41,500.

AWAY FROM HOME SALES BY AGE: 1990-2000



SOURCE: The Food Institute

Foodservice 2000: A Demographic Odyssey

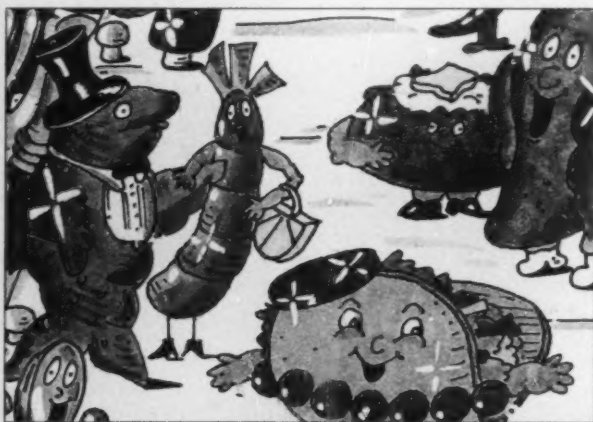
Marketers of the 20th century are well advised to bear in mind just who their customers are—and more importantly, who their customers are going to be as we approach the year 2000. The "Greying of America" we've been reading about is proceeding apace, and the numbers at left show that tomorrow's customer may not be today's. Or more precisely, the typical consumer will be several years older, experiencing different needs and indulging in different wants. The swelling 35-to-44 and 45-to-54 age brackets and drop in the 25-to-34 category may mean harder times ahead for fast-food chains and a rebirth for cafeterias.

CHARTS DESIGNED BY SHARIF FANG

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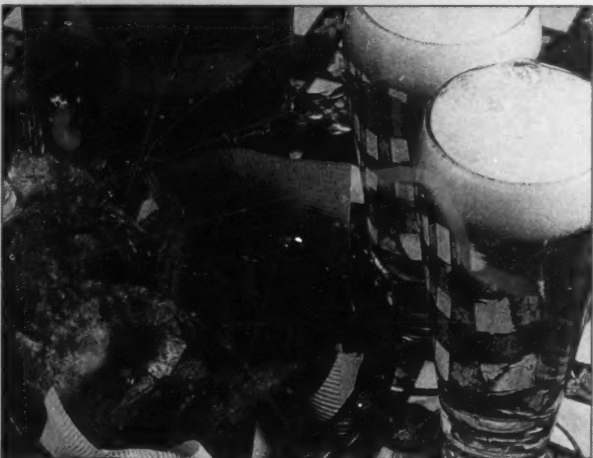
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Cover Story

MENUS FASHIONABLE FOODS. The menu is the message in today's competitive marketplace. Operators are rushing to add diversity and to claim a niche, at the same time being careful not to blur the image or create new operational problems. Fast-food chains are fast introducing new products: packaged salads, food bars, finger foods, and mini-sandwiches. Mid-price chains are adding line extensions that are aimed at reinforcing value and choice. And upscale operators are defining the next wave in trends..... 113

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Cover Illustration by Steve Henry.

Published 18 times a year by Restaurant Business Magazine, 633 Third Ave., New York, N.Y. 10017
Vol. 87 No. 2. Second Class Postage paid at New York, N.Y. and additional office (ISSN 0097-6043).
Postmaster please send address changes to Restaurant Business, P.O. Box 5309, Grand Central Station, New York, N.Y. 10017.

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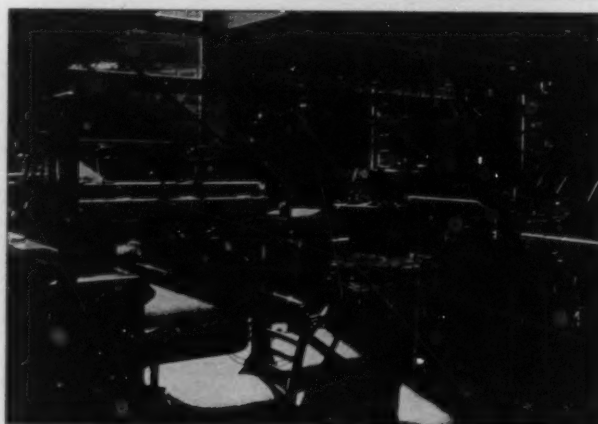
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**MARKET
SEGMENT
REPORT
MIDPRICE
FAMILY**

Squeezed by fast food on one side and casual theme restaurants on the other, the midprice segment is targeting a value niche.

BY MARTIN ELDER

The midprice, family-style market segment has carved a niche by offering table service at moderate prices for cooked-to-order food. Emphasis is on price/value, serving full portions of food with average checks in the \$3.50 to \$7 range. The segment covers all dayparts, with atmosphere and service casual enough to be appropriate for family groups. Table service is quicker than more upscale concepts but not as fast as fast food. Although the segment is broad, family-style concepts such as Denny's, Bob Evans, Big Boy, Friendly, and Shoney's dominate.

According to CREST data, customer traffic counts in U.S. family-style restaurants, since 1982, have been 3 times

higher than traffic counts in the total midscale restaurant category.

IN THE MIDDLE. Midprice chains find that they are competing for food dollars with fast food on one end of the spectrum and more upscale, casual theme concepts on the other. "The environment is so competitive that everybody has become our competition," says Michael McNeil, marketing manager for Nashville, TN-based Po Folks Inc. "We are competing harder than ever, within our own family-style segment as well as with casual theme restaurants, fast food, convenience stores, delis, and supermarkets."

A major trend in the segment has
continued on page 134



Country Kitchen's supper promotion highlights "good old-fashioned" foods like roast beef, turkey, and country-fried steak.

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And, in an attempt to better compete with fast food, many operators are speeding up table service. At the same time, quick-service operators have enhanced their concepts through decor improvements, aggressive advertising, and menu enhancements. And, in terms of check averages, the two segments are almost on a par. This has led to a blurring of categories.

According to George Rice, president of GDR/CREST Enterprises Inc., Park Ridge, IL, "Family-style is caught between mid- to high-price casual theme dining on one end, and moderate- to low-price fast food on the other. As for winning the customer over, the answer is value. The combination of service format, variety, quality of food, and price, represents value."

FAVORABLE CONDITIONS. In terms of customers, demographics favor family-style concepts. There are more

major challenge for this market segment.

"To the degree that the customer is being driven by convenience needs, then the fast-food operator is going to win," says Rice. "Fast-food operators have expanded their menu variety in the last few years, although not as greatly as family-style restaurants have."

"The real hook for family-style restaurants is service. The question is, how much service does the customer really want? Is he willing to wait for cooked-to-order food and then wait again for table service? If the issue isn't speed of service, then the family-style operator has the advantage," says Rice.

"It's true that customers want the quickest service possible, but they also want to broaden their dining experience beyond fast food," says Joe O'Shaughnessy, senior executive vice president, Friendly Ice Cream Corp. in Wilbraham, MA. "Fast food restaurants may do an excellent job giving customers value, but we give them better quality food along with friendly table service and such perks as free beverage refills."

THREE-MEAL NICHE. Although family-style restaurants were once considered coffee shops with heavy emphasis on breakfast or dessert concepts, the broadening of menus to include lunch and dinner items has given the segment a competitive edge.

Perkins, Denny's, Bob Evans Restaurants, International House Of Pancakes (IHOP), and Village Inn Pancake Houses are still known for hearty breakfasts. But some of them have broadened their menus.

Perkins Restaurants now has a new line of melt sandwiches that are popular during lunch. The chain has also introduced dinners in a basket, which feature deep fried shrimp, chicken fingers, and fish sticks, or a combination of all three. Side dishes include french fries and coleslaw.

Bob Evans Restaurants has also fine-tuned its menu selection toward lunch and dinner. The dinner menu now includes char-broiled chicken, pork chops, rib eye steak, halibut, and boneless St. Louis-style ribs. Dinner business represents 42% of sales. The lunch menu has some additions: beef vegetable and cream of broccoli soups, taco salad, turkey-bacon club sandwich, and freshly ground beef patties.

This past summer, Country Kitchen



Shoney's has built breakfast sales to 25% of the total with its improved serve-yourself breakfast bar, offered in all 606 units.

been a move towards increasing traffic during all 3 dayparts. Several of the family-style chains evolved from breakfast or snack concepts. They have been repositioning with broader menus and new images.

Upscaling of decor packages coupled with new menu additions has moved up some family-style concepts into competition with casual theme concepts such as Bennigan's. Some midprice chains have even been experimenting with takeout.

families today, a trend that should continue. And the population is aging, with a greater number of senior citizens, who are prime customers. The chains are bending their efforts to attract these two groups. Strategies include discounts and special menus.

But demographics also have a down side. The traditional labor pool of teenagers is dwindling. Table-service concepts, with their greater labor requirements, will feel this problem even more severely than will fast food. This is a



Marie Callender Pie Shops feature upscale decor and design packages. Shown: A unit in Lahaina, Hawaii.

restaurants, a division of Minneapolis-based Carlson Hospitality Group Inc., developed a program called "Supper Personality," which set out to modify the chain's serving format during dinner. Says Richard Hohman, president, "Instead of setting coffee cups on tables before the meal, as is traditional, we do it during dessert. As a more elegant and personal touch, we began distributing hot towels to customers to cleanse their hands between courses."

Over the past 2 years, International House Of Pancakes has introduced a line of signature sandwiches. The line includes a classic Philly cheese steak, a hamburger club sandwich, and a parmesan-grilled beef 'n' cheddar. The 460-unit chain, based in North Hollywood, CA, also features such non-breakfast fare as seafood salads, taco salads, and London broil.

But according to IHOP's chairman and president Richard Herzer, a broader menu isn't always a competitive edge. "IHOP has been in the restaurant business for 30 years," says Herzer, "and as far as I can remember, we've never been competitive during lunch and dinner, nor are we trying to be. We are experienced and competitive in the breakfast daypart and with breakfast food served all day. We don't try to be all things to all people. Besides, the more you diversify your menu, the higher your costs become."

Mary Hacking of Village Inn Pan-

cake Houses shares Herzer's philosophy. "We primarily serve breakfast food all day; in fact, 60% of our menu consists of breakfast foods. Although we do serve lunch and dinner, our most recent menu additions have been in the breakfast category." Within the last year, the chain has added such items as a Cajun Skillet—diced potatoes with Cajun sausage, peppers, and onions, served with eggs cooked any style.

Breakfast food is also popular at Denny's, the 1,200-unit coffee shop chain based in La Mirada, CA, now owned by New York-based TW Services. According to a company spokesperson, Denny's has had moderate success with dinner, but its niche is still breakfast.

The chain has continued developing its morning menu with the addition of Southern-style items. Chicken-fried steak is sliced formed beefsteak, dipped in seasoned batter and bread crumbs and topped with country gravy. Denny's serves the steak with 2 eggs, hashed brown potatoes or grits, and choice of toast, croissant, biscuit, or English muffin for \$3.89.

COUNTRY BREAKFAST. One family-style operator new to the breakfast daypart is Po Folks. The primarily lunch and dinner chain began serving breakfast only within the past year, and only in some state highway locations, says marketing manager McNeil. Po Folks serves country cook-

ing fare, including country-fried steak, fried chicken, and catfish. Last year, Po Folks introduced a 14-oz., char-broiled T-bone steak and broiled shrimp and flounder.

Expanding into all dayparts has been a strategy at such dessert-oriented concepts as Friendly, Marie Callender's, and Bakers Square.

Marie Callender Pie Shops, part of the restaurant division of Phoenix-based Ramada Inns Inc., has expanded beyond its original pie concept into full meals at lunch and dinner. Pot pies are a natural, and choices include chicken, turkey, and beef. The menu also features homemade soups, pastas, sandwiches, salads, roast chicken, burgers, and chili, plus 35 dessert pies.

Friendly has also moved away from its origins. "Since we repositioned from Friendly Ice Cream Shops to Friendly Restaurants, 60% of our sales are food," says O'Shaughnessy. "The other 40% is ice cream." Friendly's restaurants sell burgers, fried chicken, french fries, steaks, soups, and salads. The chain is test marketing nonfried seafood and chicken dishes in selected markets. The new entrees come with rice or pasta and vegetables.

Operators have also added self-service breakfast and salad bars, but according to some observers, this has led to a blurring of identity. Says Ron Paul, president of Chicago-based Tech-

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should eat at family-style restaurants."

"I believe that the so-called blurring of positioning or identity will benefit the family-style segment," says Village Inn's Hacking. "Family-style chains have the ability to perform with more flexibility, like independent operators, if they understand the consumer composition of their unit trade areas. This is important for the segment, because family-style restaurants have to reach a broader customer base to overcome less frequency. They must be able to market themselves to a broad number of families but for fewer dining occasions. Fast-food operators have trouble distinguishing themselves from unit to unit or from trade area to trade area. They pretty much carry the same food and have the same physical appearance."

Apparently, though, a number of family-style chains are giving customers all of these experiences, and with much success, too. Such giants as Salt Lake City, UT-based JB's Restaurants Inc., a Big Boy franchisee, along with Perkins and Shoney's, have introduced breakfast bars to combine self service

economic Consultants, "The family-style market segment has already blurred its focus on 3-meal dayparts. The segment has done too little to distinguish itself across the menu and daypart to tell consumers why or when they

with table service. Average meal checks range from \$3 to \$4.

Shoney's family restaurants introduced its breakfast bar a few years ago. For \$3.14 per person, customers can help themselves to scrambled eggs, toppings, sausages, yogurt, grapefruit, cottage cheese, banana bread, and more. At present, breakfast at Shoney's represents 25% of total restaurant sales.

Shoney's units are doing quite well, says a company spokesperson. Average unit sales for company-owned units hit \$1.4 million in 1986, compared with \$1.35 million in 1985. Total restaurant sales for company-owned units in 1986 reached \$300 million, a 12% increase over sales in 1985.

Shoney's spokesperson says that for the next 5 years, units will grow at a rate of 20% per year. The Nashville-based chain now has 606 units, 344 of which are franchised. Alex. Brown & Sons Inc., Baltimore, MD, estimates Shoney's sales for fiscal 1987 (ended October, 1987) at \$335 million.

DECOR AND IMAGE. "Fast-food chains are beginning to distinguish themselves by upscaling decor packages. Each time they do this, they get one step closer to matching the decor of family-style restaurants," says GDR/CREST's Rice.

Family-style chains are responding in kind. Bob Evans, Friendly, Perkins, and IHOP have recently remodeled units with lighter and more cheerful color schemes.

Summarizing the decor movement of the '80s is Dan Evins, chairman, president, and CEO of Cracker Barrel Old Country Store Inc., Lebanon, TN: "Family-style decor seems to be stuck somewhere between the fast-food segment, which is upscaling, and casual theme, which is downscaling. At the same time, family-style operators are downscaling to distinguish themselves from restaurants at the higher end.

"Customers get a kick out of Cracker Barrel because we don't remodel our units as they age," adds Evins. "We want Cracker Barrel to convey an image of consistency while other chains are constantly changing."

Cracker Barrel is not only known for its country cooking at moderate prices (average meal check is \$4.80), but for its atmosphere evoked by hardwood floors and oak tables, especially during cold winter nights when fireplaces and old kerosene lamps add cheer.

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**TOP 10 MIDPRICE FAMILY-STYLE RESTAURANTS
(as of year-end 1986)**

COMPANY	SYSTEMWIDE SALES	AVERAGE UNIT VOLUME	NUMBER OF UNITS	
			1986	1981
Denny's Inc.	\$1.134 billion	\$1,007,000	1,126	831
Big Boy Restaurant System (Marriott Corp.)	940 million	1,050,000	899*	1,102**
Shoney's Inc.	673 million	1,355,000	542	335
Friendly Ice Cream Corp.	537 million	689,000	829	626
Elias Bros. (Big Boy)	340 million	1,060,000	266	195
Tennessee Restaurant Co. (parent of Perkins Restaurants)	316 million	1,029,000	328	341
IHOP Corp.	264 million	590,000	447	505
Restaurant Enterprises Group (parent of CoCo's and Carrows)	245 million	925,000	265	N/A
Bob Evans Farms Inc.	231 million	1,340,000	172	77
Po Folks Inc.	225 million	1,300,000	172	N/A

*ALL BUT 208 UNITS WERE ABSORBED BY ELIAS BROS. IN LATE 1987

**INCLUDED SHONEY'S, ESTABLISHED 1984

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To combat fast-food competition on its own turf, some family-style chains have attempted to speed up service. One operation that appears to have met this challenge is Perkins Restaurants, owned by Tennessee Restaurant Co., in Memphis.

SPEEDIER SERVICE. According to Patrick Morris, the chain's vice president of marketing, Perkins guarantees customers a free lunch during their next visit if they aren't served within 10 minutes of ordering. "Lunch is an occasion when many time-strapped workers need to eat and run," says Morris. "If our service is too slow, the customer may go to the competition."

Friendly also has attempted to speed up its service by introducing an express lunch period this past year. The lunches include entrees that are made to order and served to customers within 5 minutes of ordering. Customers

ally represented a small percentage of sales for the family-style segment. Operators generally spend no more than 2% a year on advertising. In contrast, fast-food operators spend 5% to 7% of total sales annually on advertising.

According to Bakers Square's Michael Kelly, "Family-style operators can't spend nearly as much on advertising as fast-food operators can spend. Fast food has the advantage of faster unit growth."

"I don't see advertising playing a major role for family-style restaurants," says Technomic's Paul. "The segment is not in a convenience situation. It's not selling the same image across the country like a big chain. Advertising a family restaurant should be executed from a local or regional angle. It's bad enough that family-style chains are inconsistent in their unit-to-unit delivery."



International House of Pancakes has recently remodeled units with more contemporary design elements.

Cracker Barrel operates 55 units located near interstate interchanges in Tennessee, Kentucky, Georgia, South Carolina, North Carolina, Florida, Indiana, and Alabama. The units, which serve breakfast, lunch, and dinner, include gift shops that feature reproductions of early American glassware, wrought iron products, toys, and woodcrafts, as well as various old-fashioned candies, cookies, and jellies.

In its restaurants, Cracker Barrel features such Southern specialties as grits, greens, and red-eye gravy; biscuits; and pork chops, country ham, chicken, and catfish.

Cracker Barrel generates average unit volumes of \$1.8 million; 85% from foodservice, 15% from retail. Evins says total company sales are expected to reach \$120 million, representing a 23% increase over \$99 million in sales during 1987.

who wait longer than 5 minutes are compensated with a free dessert.

At the same time that midprice restaurants are speeding up service, fast-food transaction ranges are creeping up. "Fast-food restaurants are more expensive to dine in than family-style restaurants," contends Mary Hacking, vice president of marketing for Denver-based VICORP Restaurants Inc., owner of both Bakers Square restaurants and Village Inn Pancake Houses. "Customers no longer see a difference in either price or value between fast food and family-style. There is a price blur. Such a blur means that customers actually get more value for their dollar at family restaurants. Our prices at Village Inn are moderate. The quality and variety of food is better. Plus, we offer patrons friendly and personalized table service."

Advertising budgets have tradition-

ally represented a small percentage of sales for the family-style segment. Operators generally spend no more than 2% a year on advertising. In contrast, fast-food operators spend 5% to 7% of total sales annually on advertising.

For instance, the 55-unit Cracker Barrel chain keeps its advertising fairly low key. Company president Dan Evins says marketing represents about 2.5% of total restaurant sales. "We do mostly local billboard advertising on interstate highways."

At Pea Soup Andersen's, a 3-unit family-style chain based in Carlsbad, CA, Chuck White, company president and CEO, says that marketing efforts for family-style chains are relatively limited. "That's especially true if you have only a few units in one trade area."

Friendly's O'Shaughnessy adds that a large proportion of family-style restaurants are independents who don't advertise at all.

While advertising spending remains relatively low in general for the family-style segment, some chains have re-

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cently increased their budgets.

Denny's, for example, spends about 5% of annual sales on advertising, says a Denny's company spokesperson.

According to Country Kitchen's Richard Hohman, "Advertising represented 2.9% of total restaurant sales

for calendar 1987. In 1985, we only spent 2.1% of sales on advertising, so our strategy is definitely changing."

This past spring, Country Kitchen ran a supper promotion tagged "Good old-fashioned country supper at Country Kitchen." The company used point-of-purchase signage and table mats, and print and local TV and radio ads. The advertising promoted the chain's dinner business without introducing new menu items. At present, Country Kitchen is promoting its country-fried steak dinners and country-fried steak and eggs.

Just recently the chain introduced the tagline "Country Kitchen, the country's calling you," for its take-out beverages and soups.

JB's Big Boy, a franchisee of the Big Boy system, has also stepped up its marketing efforts to boost dinner sales. Until last March, JB's spent about 2% of sales on advertising; now it spends 3.5%, says company president Clark Jones.

"We have to boost our dinner sales," says Jones. JB's has run TV promotions for the company's all-you-can-eat shrimp at the salad bar. At present, JB's Big Boy is testing fajitas and tur-

key sandwiches in selected markets. Last year, JB's introduced 4 types of chicken entrees: Polynesian chicken, stir-fried chicken, chicken teriyaki, and chicken parmesan. It also added Belgian waffles to breakfast.

Jones says that family-style is an old concept. "During hard times, the customers from upscale dinner houses have to come to us. In good times, though, we still do a good share of business. Because of table service, along with cooking and menu flexibility, we're not a 1-item concept."

JB's sales took a dip from 1986 to 1987. Sales were down because approximately 27 Big Boy units were sold back to Marriott Corp., the franchisor at that time.

Marriott, however, is no longer JB's Big Boy's franchisor. This past November, the hotel/restaurant giant transferred the franchising rights from its 914 Big Boy system to Elias Brothers (Big Boy) Restaurants in Warren, MI. JB's Big Boy is now a franchisee of Elias Brothers, as is Marriott. Marriott, however, will continue to operate 208 company-owned Big Boy restaurants in 6 states as well as in Washington, DC.

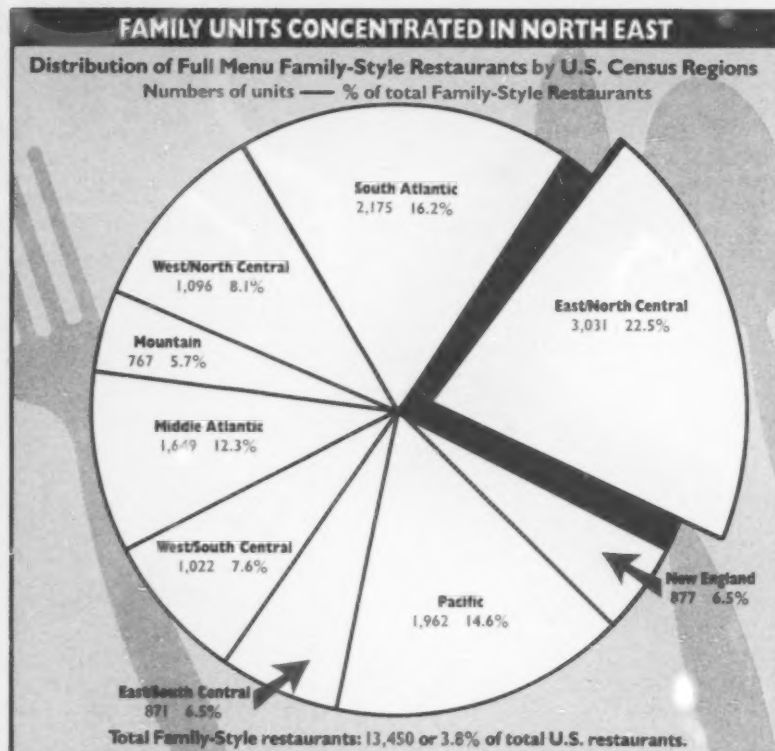
DEMOGRAPHICS. Changing demographics seem to favor the family-style segment. The population is aging, and senior citizens have always been a very important customer base for family-style restaurants. More, albeit smaller, families are forming. And families, by definition, are a key target customer base.

According to Technomic's Paul, "Demographics actually favor the family-style segment as our population continues to age. To that end, I would imagine that both senior citizens and middle-aged consumers—the bulk of our population—would prefer table-service dining over that of self-service at a fast-food restaurant. I also see opportunities for the family-style segment as more small-family formation continues into the next century, indicating that levels of both per capita income and disposable or discretionary income will rise."

CATERING TO SENIORS. IHOP's Herzner believes that senior citizens can be very loyal customers "if you treat them well." IHOP gives seniors discount cards for 10% to 20% off meals.

Other family restaurants offer discount cards. But according to Country Kitchen's Hohman, cards can be em-

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Source: RE-COUNT 1987 Restaurant Consulting Group Inc.

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**MIDPRICE
FAMILY**

join. Members are able to attend dinner dances at the 3 restaurants."

Families with children are a very important part of family-style dining, although they're not as fast growing a group as seniors. Operators woo children with coloring books and other perks to get their minds off fast food.

Chains like Shoney's and Po Folks, for example, have children's menus in coloring books that list smaller-portion entrees. Pea Soup Andersen's has kiddie rides outside its restaurants, and JB's Big Boy restaurants have private dining areas for birthday parties.

But there is also the flip side to demographics, says Martin Holdrich, senior economist for Washington, DC-based Woods & Poole Economics. "Smaller family formations could mean that smaller groups will dine at family-style restaurants, thus causing a decline in business for the segment.

op a strong take-out business, even though it's not a natural extension of the family-style segment. Of course, takeout has to be analyzed and executed as an independent marketing opportunity."

It appears that currently the only operators with significant take-out business are those offering dessert items.

Friendly, for instance, has a strong take-out business, selling freshly scooped ice cream. And, since the company recently introduced prepackaged, single-serving ice cream cups, Friendly's off-premise business accounts for 10% to 15% of total sales.

At Bakers Square Restaurants, approximately 26 different varieties of pies are available by the slice or as whole pies. Formerly known as Poppin' Fresh Pies, the family-style chain claims that a good portion of its business is derived from takeout. Part of Bakers Square's take-out business is from whole-pie sales at the drive-thrus, notes executive vice president of marketing Kelly.

Marie Callender Pie Shops is another family-style chain that originated as a dessert concept. At present, pies and other bakery products, including take-out, account for 25% of sales.

However, says IHOP's Herzer, "Sitting down and eating in a family-style restaurant is a better dining experience than taking out food in a box. We're not trying to be fast food."

According to Roger Williams, vice president/director of marketing for Columbus, OH-based Bob Evans Farms, "We don't mind increasing our take-out business, as long as it's not at the expense of our number-1 priority—taking care of customers who want friendly table service." Bob Evans recently increased its small but growing take-out trade. At present, food-to-go represents 2.2% of total restaurant sales, but will not exceed 5%.

THE LABOR CHALLENGE. Demographic projections have implications for the labor pool, as well.

According to Holdrich, the next 2 decades suggest moderate growth in the ranks of teenagers and young adults (ages 15 to 24)—the traditional pool for hourly workers—and negative growth in the 25-to-34 age category, from which much of middle management is drawn.

"One of the biggest challenges in the Northeast is the labor shortage," says Friendly's O'Shaughnessy. "There's

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A number of Friendly's units now feature drive-thru windows, and the chain has developed products, such as prepackaged sundaes, to support drive-thru sales.

barrassing for seniors to display, especially when they're with their families. "Many seniors feel self-conscious about getting a discount. And while many appreciate the offer, they feel like they're begging for charity or sympathy. At Country Kitchen, we have a senior citizen's menu that offers the same discounts that other establishments offer. Seniors just place their order without having to advertise their age."

There are also senior citizen clubs, like the one at Pea Soup Andersen's. Says president White, "We've organized senior citizen clubs for local residents. There is no membership fee to

Compounding this problem is the growing number of both dual-income and single-income households.

"On the other hand, rising household incomes indicate that families will be able to afford to eat out more frequently, if they so choose. Such an occurrence could be highly profitable for family-style restaurants."

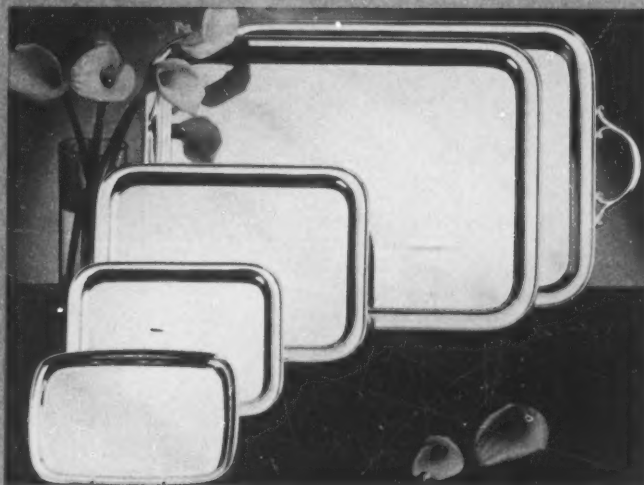
Although some efforts are obviously being made to speed up table service, most family-style operators pay little attention to beefing up their take-out business.

According to GDR/CREST's Rice, "There are some legitimate opportunities for midprice restaurants to devel-

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nothing worse than a customer visiting a restaurant and noticing the lack of restaurant personnel and the lack of service. Friendly has 190 units in Massachusetts, a state with one of the lowest unemployment rates. While that's good news for workers, it's a challenge for employers."

Indeed, the labor situation has some negative implications for restaurants. Nevertheless, a challenge can be turned into an opportunity. This is especially true for family-style restaurants that rely on waiters to serve customers.

"Our waiters have an incentive to earn decent wages from the tips or gratuities they receive. Hourly employees at fast-food restaurants don't have that advantage," says Tom Martin, executive vice president and president of the restaurant division of Ramada Inn Inc., owner of Marie Callender Pie Shops. "Hourly employees at Marie Callender are trained to become managers and cooks. Our managers, in fact, stay with us for an average of 8 to 10 years."

Martin admits the teenage labor pool may be shrinking, and notes the high employee turnover prevalent throughout the entire restaurant industry. But high turnover, says Martin, is likely to have a more negative effect on fast-food operators than on those in the family-style segment.

It's obvious that proper motivation is needed to retain employees. And the success of the family-style restaurant depends on good service. □

RESTAURANT BUSINESS/JANUARY 20, 1988